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REMBTEL 3980, Dec 10, Commercial Treaty.

Art. XXIV (one). EMB authorized state in minutes that word QUOTE national UNQUOTE as used here does not (repeat not) necessarily signify that such objects must be locally produced; but that it refers to the historical or artistic patrimony of the Italian nation, regardless of original source of object.

Concerning definition for Art. V, par. 2. DEPT suggested simple arithmetic mean to avoid further complexity and also because difficult actually to determine weighted average when precise volume of transactions at free rates and other rates might be unknown.

If mathematical formula is to be used, equities would appear require contemplating some sort of composite or average or approximation thereto in various contingencies. Compare recent Italo-American agreement for USGOVT transactions.

DEPT agrees that words QUOTE international financial transactions UNQUOTE would be preferable to term QUOTE exchange transactions UNQUOTE.

Apparently

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Apparently error in transmission DEPTEL with reference QUOTE rates UNQUOTE, which should be plural as suggested DEPTEL. However, word QUOTE most UNQUOTE correctly transmitted. In its context this word does not refer to the more favorable group of two groups of rates, but rather to the most favorable rates of the whole array of rates, being those constituting the rates at which a specified majority of transactions occurred.

As to Rpt. YYY, par. 2, DEPT reaffirms previous instruction (DEPTEL 2175) envisaging deletion entire last sentence thereof. Hence proposed exchange rate formula irrelevant thereto.

DEPT appreciates great difficulty in devising satisfactory mathematical formula to cover multifarious contingencies possible during indefinite and unpredictable future. Proposal DEPTEL, however, does not (repeat not) appear satisfactory because situations easily conceivable in which result would be least favorable rate or otherwise rate impairing actual realization of just and effective compensation.

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If after further consideration EMB judges proposal DEPTEL 2542 infeasible or undesirable, EMB alternatively authorized propose following paragraph for Additional Protocol:

QUOTE Whenever a multiple exchange rate system is in effect in Italy, the rate of exchange which shall be applicable for purposes of Art. V, par. 2, need not be the most favorable of all rates applicable to international financial transactions of whatever nature; provided, however, that the rate applicable will in any event permit the recipient of compensation actually to realize full economic value thereof in US dollars. In case dispute arises as to the rate applicable, the rate shall be determined by agreement between the HCP's UNQUOTE.

LOVETT
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